

Audit of USAID/REDSO/ESA's Cashiering Operations

**Report No. 4-623-00-008-F
February 4, 2000**

REGIONAL INSPECTOR GENERAL/PRETORIA



memorandum

*Regional Inspector General
Pretoria*

DATE: February 4, 2000

TO: Director, USAID/REDSO/ESA, Donald Mackenzie

FROM: Regional Inspector General/Pretoria, Joseph Farinella *Joseph Farinella*

SUBJECT: Audit of USAID/REDSO/ESA's Cashiering Operations, Report No. 4-623-00-008-F

This memorandum is our final report on the subject audit. We have considered your comments on the draft report and have included them as Appendix II. Based on the results of the audit, this report does not have any recommendation. I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

USAID/REDSO/ESA conducts its cashiering operations for itself and USAID/Kenya from an enclosed area on the first floor of the building the two missions occupy. Cash operations are handled by a cashier and, in his absence, an alternate cashier.

It is the Mission's policy that the cashier's office will conduct business with economy and efficiency. The Regional Financial Management Center (RFMC) Director is responsible for all financial activities of the cashiering operations which are managed on a day-to-day basis by the Financial Services Management Officer (FMSO). The cashiering operation is guided by the Department of State policy for REDSO/ESA as well as Mission requirements. The FMSO directly supervises the cashier, issues instructions for day-to-day operations, and approves exceptional transactions arising from unusual situations.

The cashier's duties principally comprise of (1) maintaining an imprest fund in local currency (Kenyan shillings) and U.S. dollars in amounts prescribed by USAID/Washington; (2) making cash disbursements for local procurements, in-country travel advance, local currency expense claims and emergency situations; (3) accepting payments on behalf of the U.S. Government (such as for bills for collection), and (4) depositing the funds collected.

Audit Objectives

As part of our Fiscal Year 2000 Audit Plan, the Office of the Regional Inspector General/Pretoria audited USAID/REDSO/ESA's cashiering operations to answer the following question:

Did USAID/REDSO/ESA manage its cashiering operations efficiently, economically and in accordance with Agency policies and procedures?

Appendix I describes the audit's scope and methodology

Audit Findings

USAID/REDSO/ESA managed its cashiering operations with economy, efficiency, and in accordance with Agency policies and procedures.

USAID/REDSO/ESA management provided guidance to its cashiers by providing the cashiers with training and copies of (1) the Treasury Cashier Manual; (2) Treasury Fiscal Requirements Manual; (3) USAID Handbook 19, Chapter 13; (4) the Federal Acquisition Regulations; and (5) other documents which affect the cashiering function.

In accordance with the above guidance, the Mission designated a cashier and an alternate cashier, both of whom received training at the Regional Administrative Management Centre (RAMC) in Paris. The cashier's office is situated in a segregated area on the first floor of the USAID Building and access is restricted to authorised personnel. All cash, checks and other valuables are kept in a safe, the combination to which is placed in a sealed envelope in the custody of the Mission's Regional Security Officer.

The Mission currently does not have to transport money and other valuables between the bank and the cashier's office since Citibank is running an accommodation exchange for the Mission from the Cashiers office two days a week. This arrangement will continue until the Citibank office is completed elsewhere on the compound, at which time the cashier will need an escort when replenishing funds.

A surprise count of the cash in hand on November 15, 1999 showed that all transactions were satisfactorily accounted for and the U.S. dollars and local currency were counted and satisfactorily reconciled to the Mission's imprest fund level of \$200,000.

Because of the possibility of disruption during the change of years from 1999 to 2000, USAID/REDSO/ESA was granted a temporary increase of its imprest fund level to \$200,000 by RAMC/Paris. After the beginning of 2000, the imprest fund level will return to the previous authorised amount of \$50,000. This amount is adequate for the Mission's needs.

A review of the cashiering operations from the 8th through the 12th of November 1999, showed that disbursements were properly supported and the imprest fund reconciled daily by the cashier. Signed receipts were obtained for all payments, and requests for reimbursements were accompanied by acceptable documentation. Moreover, vouchers that were recorded and maintained by an employee in the Controller's office who does not perform any cashiering function supported all transactions. We believe that this division of responsibility provides for a segregation of duties that enhances internal controls over cash operations by reducing the possibility of collusion.

Furthermore, we noted that the RFMC Director has her financial analysts conduct surprise cash counts periodically and spot-checks the cashier's records for accuracy and compliance with Agency requirements.

Management Comments and Our Evaluation

REDSO/ESA management concurred with the report's findings. The complete text of management comments are included in Appendix II.

**SCOPE AND
METHODOLOGY**

As part of our fiscal year 2000 audit plan, we conducted an audit of USAID/REDSO/ESA's cashiering operations in accordance with generally accepted government auditing standards. The fieldwork was done at Nairobi, Kenya, from October 24 through November 19, 1999.

To accomplish our audit objective, we (1) reviewed the physical security of the cashier's office, (2) evaluated controls relating to safeguarding cash and other valuables in the cashier's vault, (3) performed a surprise cash count, (4) audited the cashier's reconciliation of the imprest fund, and (5) reviewed daily cash transactions for one week.

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January 25, 2000

To: Joseph Farinella, RIG/Pretoria

From: Donald Mackenzie, Director, REDSO/ESA *DM*

Subject: Draft Audit Report - REDSO/ESA Cashiering Operations

Ref: Your e-mail dated 12/23/99 w/attachment

REDSO/ESA has reviewed subject draft report and concur with RIG/Pretoria's observations, findings and comments.

REDSO/ESA extends its appreciation to RIG/Pretoria for the visit and comprehensive report.